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C O N F I D E N T I A L SECTION 01 OF 03 DJIBOUTI 000304

SIPDIS

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SUBJECT: STAFFDEL CHAKA MEETING WITH MFA DIRECTOR OF
BILATERAL AFFAIRS

Classified By: Pol/Econ Erinn C. Reed for reasons 1.4 (b) and (d).

1. (U) Summary: Staff Members of the House International Relations Committee Malik Chaka and Pearl Alice Marsh met 31 March with Director of Bilateral Relations at the Ministry of Foreign Affairs, Mohamed Ali Hassan, to discuss Djibouti's relations with the United States, the counter-terrorism effort and possibilities for economic development. Hassan was very receptive to the Staff delegation and said the Ministry considers U.S.-Djibouti relations to be excellent overall. Military-to-military relations were very strong and Djibouti was willing to expand them further. Hassan also noted that since the re-opening of the USAID office in Djibouti, the civil cooperation aspect of relations had grown. He added the government hopes to have greater knowledge, understanding and cooperation with the U.S. to encourage U.S investment in Djibouti. Hassan expressed concern about the slow pace of Foreign Military Financing (FMF) programs, noting that only a few of the 12 proposed programs had been completed to date. End Summary.

2. (C) Director of Bilateral Affairs at the Ministry of Foreign Affairs, Mohamed Ali Hassan, told Staff Members of the House International Relations Committee Malik Chaka and Pearl Alice Marsh the Ministry considers U.S.-Djibouti relations to be excellent. Hassan said he was certain the staff members had followed the cooperation over the last four years and noted the cooperation is much stronger today. He added the Government of Djibouti was willing to deepen cooperation with the U.S. militarily, including the expansion of Camp Lemonier, and economically. Chaka replied he was pleased to hear the Ministry has such an opinion on U.S.-Djibouti relations. He said the current cooperation was important to the U.S. because Djibouti is a Muslim country and the two countries work well together militarily in the counter-terrorism effort. Chaka asked Hassan, in terms of deepening the relationship, which areas needed to be strengthened?

3. (C) In response to Chaka's question on which areas of the relationship Hassan thought needed to be strengthened when he spoke of deepening the two countries' cooperation, Hassan stated that from the military aspect Djibouti is a base for counter-terrorism operations and is willing to expand its role. He continued Djibouti would like to see greater implementation of programs proposed under the East Africa Counter-Terrorism Initiative (EACTI). Under EACTI Djibouti is slated to receive 25 million USD in assistance to reinforce security capabilities with the main program focus being border and coastal security. However, Hassan said, many of the programs proposed in 2002 had not yet been implemented and were necessary to improve the military's ability to secure Djibouti. He added he understood that Foreign Military Financing (FMF) was a very slow process and Djibouti was working to get all programs done. (Note: While many of the programs include equipment and supplies that have not yet reached Djibouti, 14 Foreign Military Sales (FMS) cases have been established in the FMF system. End Note.) He said training programs had been going very well but other programs had not yet started. Hassan noted that border security along the Djibouti-Somaliland border was a serious issue for them since it lies only 16 kilometers from the capital and there is a large contraband problem in that area. He also explained that many of the programs were slated for fiscal year 2004, 2005 or 2006 funding but only a few of the 12 proposed had been started.

4. (C) Marsh asked how Hassan would assess the coastal security, whether it was a function of the navy, police, or coast guard, and what was Djibouti's security strategy? Hassan said when the U.S. military arrived in 2002, it made an assessment of Djibouti's capabilities. He said the findings of the survey indicated good potential with the present resources, but the coastal security program needed improvement. Some of the ideas the Djiboutian government put forward was a naval station in Tadjourah and high-speed small boats for interdiction. Hassan noted that Djibouti has some natural security features. He said compared to Yemen, whose port lies directly on the Red Sea and thus is more vulnerable, Djibouti's port was naturally protected by the fact that a boat must go into the gulf in order to reach Djiboutian waters. He added that this allowed Djibouti to control its waters better because they were more confined. Hassan also commented that a new portion of the U.S.

cooperation was the provision of a maritime expert who would be stationed in Djibouti for a period of two years and could act as a liaison.

15. (C) Hassan said in response to Marsh' follow-up on whether Djibouti had an interdiction strategy, that Djibouti was in process of implementing the ISPS code but qualifications for programs that supply surplus coastal security boats had been implemented by the Djiboutian coast guard. He noted that Djibouti, with the assistance of the U.S. military, were working on getting small boats for interdiction and expected them in the coming months. Chaka commented that it was very important that Djibouti implement the ISPS code since many countries that were non-compliant have had trade negatively affected. Hassan said since Ethiopia uses Djibouti's port for 100 percent of its import/export trade, bilateral talks had addressed the need for ISPS compliance for several years.

16. (C) On economic cooperation, Hassan said there was not a long history with the U.S. because Djibouti has always been a country with French presence. He said because the context for economic cooperation was not favorable, the relationship with the U.S. had not been developed since independence. In his opinion, this had contributed to a loss of time to understand the other country, especially in the thirteen years the USAID office was closed. Hassan noted that since USAID re-opened in 2003 and had started education, health, and livestock programs the cooperation has been good. He added the benefit of having USAID programs was the population could see the good things the U.S. was doing and have become more interested in the U.S. Hassan explained that many times if an African is asked about U.S. involvement the response is usually that the U.S. only goes to places that serve its interests. He continued that because the programs in Djibouti allow the population to see the benefit, the Government can say that yes, the U.S. is here for its interests, but it is also in our interest to work towards common goals. Hassan said the programs' implementation has been very quick, but total impact could not yet be judged as the programs span three years.

17. (C) In response to the question on how the U.S. can support Djibouti's economic development, Hassan said English language programs would be the priority for the Government. He explained that because Djibouti's goal for the new port was to specialize in being a service provider, it would be necessary for the workers to speak English. Hassan said the Government has developed programs with the U.S. Embassy, the British Council and the Djibouti Chamber of Commerce to teach English to professionals. He also said the U.S. could aid economic development by bringing in investors, specifically to the new port at Doraleh. Hassan noted the business communities in each country did not have a lot in common, but the Government always looked for ways to develop regional projects whenever it goes to the U.S. He continued that Djibouti has seen Asian countries be much more aggressive in investing in African countries. In terms of involvement of American Chambers of Commerce, without the exchange of information there was no way for them to know the potential in Djibouti. A problem Hassan cited for attracting European and American investors was the reliance on agencies in an investor's home country for all the information about Djibouti, which is often outdated and inaccurate. Hassan said that while there are some factors that might discourage investment, such as language and lack of information, Djibouti does have good banking systems and a liberal economy. He added it was necessary for Djibouti to go directly to the investors in order to attract them.

18. (C) Hassan said Asian outreach for investment in Djibouti currently has China and Japan on board, but the Government is also trying to attract investors from Singapore, Hong Kong and other Pacific countries through the use of honorary consuls, who are often local businessmen. He said whenever President Guilleh makes an official visit to one of its Asian partners, he always has a breakfast meeting with the business community. Hassan said the Government is working toward developing interest in all its partner countries in Asia, but has only seen real results from Dubai. He added that while the Djiboutian market is small, the possibility to explore the Ethiopian and COMESA markets was interesting to many investors. As an example of some of the Asian interests, he said there have been investments in importing Chinese cars and services for tourism. Hassan noted that a Singaporean businessman expressed interest in opening an international or English language school that could service the region. He said the government has also talked to India and South Africa about pharmaceuticals. Hassan also said the Government tries to address economic issues whenever there are political discussions between the regional organizations such as the Intergovernmental Authority on Development (IGAD) or the African Union.

19. (C) In response to the question on how the Asian forum initiatives began, Hassan said many were started by Asian countries but collaborations during political talks have also

led to some partnerships. Hassan commented that Japan, who has been very active in African development for the past 25 years, is now asking its Asian counterparts to do the same. He added that there would be a conference in Indonesia in April to develop an action plan for African development. Hassan also said that many of its Asian partners have developed from one country following suit after seeing a cooperation with another country start.

10. (C) Regarding the issue of getting information to investors in America, Hassan said there was the issue of a language barrier. Many Djiboutians do not speak English and none of the information on Djibouti's websites regarding investment are in English either. He said the Government is working towards developing for the future by establishing higher education partnerships with universities in anglophone countries. The hope of this program was to develop a base of English speakers in its students giving Djibouti a prepared workforce once they graduate. An example of one program is Dubai Ports International's, the company operating the airport and ports, policy of sending Djiboutians that they hire to Dubai for a year of training, during which the employee learns English.

11. (C) Hassan raised the issue of the Millennium Challenge Account (MCA) as a tool for economic development for Djibouti. He said the Government considers gaining MCA eligibility for the 2005-2006 round as very important, but it must ensure that all the information needed is changed from French to English and is accurate. He added the government is concentrating on education and health in order to meet MCA requirements. Hassan said Djibouti would like to see how, with the help of the U.S., it can get to MCA levels.
RAGSDALE